

Recommendations for Statutory or Regulatory Changes 21.795.2(7) RSMo

The information in this section is in accordance with the following section of the reporting statute. "Specific Recommendations for any statutory or regulatory changes necessary for the efficient and effective operation of the department;..." Section 21.795.2(7) RSMo 2000.

The Missouri Department of Transportation (MoDOT) is striving to maintain its existing transportation system, and continues to work with the available funding for construction and rehabilitation of the state road system. MoDOT is committed to working with the Governor's Office and the General Assembly in the 2003 legislative session to explore ways to enhance transportation programs and operations and to accelerate project completion.

Last year, the General Assembly considered a number of legislative proposals that affect Missouri's transportation system. Some of the legislative proposals were: repealing the expiration for the fuel tax, preventing the transport of hazardous materials through tunnels, changing standards for outdoor advertising, creating "One Stop Shop" for motor carriers and railroad safety.

This year, MoDOT has identified the following recommended statutory alternatives that could improve the department's effectiveness and efficiency.

OPEN CONTAINER. The goal is to improve safety in all transportation modes by creating partnerships with other groups and agencies and to promote safety legislation that will protect the traveling public. Prohibiting the possession of alcoholic beverages in motor vehicles will help protect the traveling public on Missouri's highways. The legislation also supports the efficient management of MoDOT resources by keeping these funds in their current federal program categories where there is some flexibility on how to spend them. Once these funds are transferred, this flexibility is gone and the funds can only be spent on certain safety projects. Since Missouri will not have in place an open container law that complies with the new federal statutes by October 1, 2002, MHTC must transfer 3 percent (or \$10.4 million) of its federal highway construction and maintenance funds to safety programs relating to either eliminating driving hazards on the highway or drunk driving prevention programs. In 2001, MoDOT was required to transfer 1 ½ percent (or \$5.2 million) of federal highway construction and maintenance funds to highway safety projects for failure to pass a compliant open container law.

TOLL FACILITIES. A joint resolution and enabling legislation would give MHTC the authority to build, maintain and operate toll highways and bridges in Missouri. MoDOT believes this proposal will help accelerate appropriate highway projects, especially major highway and possibly interstate projects. Quicker construction of highway projects brings swifter safety benefits to Missouri citizens and avoids future construction inflation costs. Accelerating projects will increase investment in the current transportation system and provide safety benefits more quickly to the traveling public. They will assist MoDOT in delivering our Statewide Transportation Improvement Plan and help us manage our existing resources more effectively. These tools will help MoDOT do its work more effectively and efficiently.

ONE STOP CLEANUP. The MoDOT Business Plan contains two strategic issues that are supported by this legislation – Safety and Management of Resources. By making technical changes to strengthen enforcement and align the state statutes with federal requirements, MoDOT employees will be more efficient in the administration of motor carrier services. MoDOT is very concerned with safety on our state system of highways. MoDOT believes that passage of this legislation will promote motor carrier safety. More motor carriers that comply with safety measures will make roads safer for the other traveling motorists.

MHTC CLEANUP. By correctly identifying the proper names and references for MoDOT and other entities and funds, this will make MoDOT employees more efficient when determining the responsibility for an agency action or proper crediting of a state fund. The legislation will also set forth the correct agency for particular statutory authority. By eliminating these inconsistencies MoDOT will: (1) educate new legislators on the unique constitutional relationship of MHTC and MoDOT; (2) demonstrate MHTC's authority to administer all state transportation programs; (3) clarify certain statutory functions to be performed by the chief engineer of MoDOT; and (4) identify various funds to which state revenues derived from highway users are deposited.

While these are the issues for which MODOT is specifically requesting General Assembly approval during the 2003 legislative session, there are other legislative proposals that the department has supported in previous sessions and will continue to support if they are brought up for consideration in 2003. These proposals include safety initiatives for the traveling public and MoDOT employees, additional funding, and innovative financing. MoDOT will continue to provide information on these and all transportation related initiatives in 2003.

Where Do Highway User Fees Go?

During the Proposition B campaign, highway user fees were often discussed. In Fiscal Year 2001 highway users in Missouri paid nearly \$1.2 billion in taxes, licenses and fees dedicated for state roads and bridges. These include 17 cents per gallon in state fuel tax, sales and use taxes on vehicles, and fees to license vehicles and operators.

Most Missourians believe these highway user fees are used to build and repair state roads and bridges. Much of the money they think is going to their highways – isn't.

Sixty-one cents of every dollar goes to MoDOT for improving the state highway system. State law requires that much of the rest go to city and county governments, as well as other state agencies.

In 1992 the state legislature approved a 6-cent fuel tax increase to help pay for 15 years worth of highway improvements. **Of this 6 cents, 2.3 cents came to MoDOT in FY01.** That amounts to 38 percent of this revenue available to address these improvements.

The Missouri Constitution requires that all state revenue derived from highway users, after specified refunds, allocations to cities and counties, and appropriation of specified costs, must be credited to the State Road Fund and stand appropriated without legislative action to be expended under the Missouri Highways and Transportation Commission's supervision and direction for specified state highway purposes.

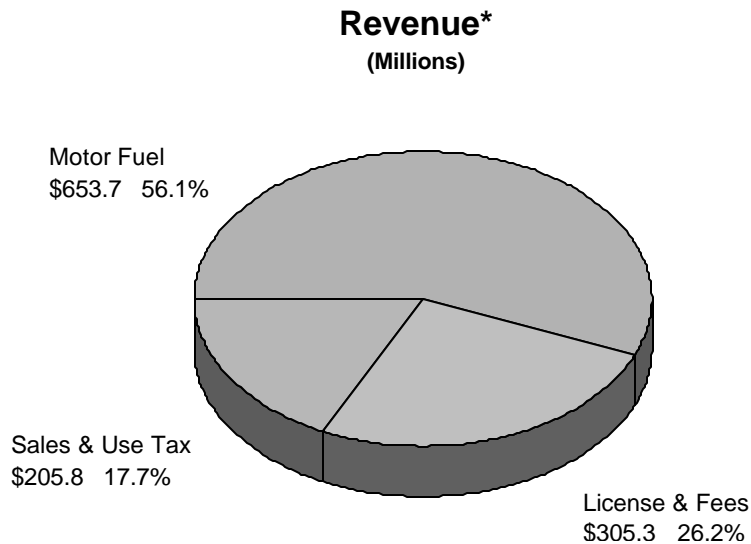
A recent state auditor's report (No. 2001-47: Use of Highway Funds by Other State Agencies, 6/19/01) said some state agencies are spending highway user fees in a manner inconsistent with the state constitution, and recommended that the governor and legislature review the proper use of this revenue and require agencies to justify their funding from highway user fees.

With travel increasing and roads wearing out faster every year, MoDOT must maximize the user fees at its disposal to keep Missouri's highways safe and driveable. And by spending all highway user fees appropriately, MoDOT and other state agencies will help build public trust in government.

The following charts illustrate MoDOT's revenue sources and where the money is spent, as well as highway user fees' impact on the average Missouri motorist.

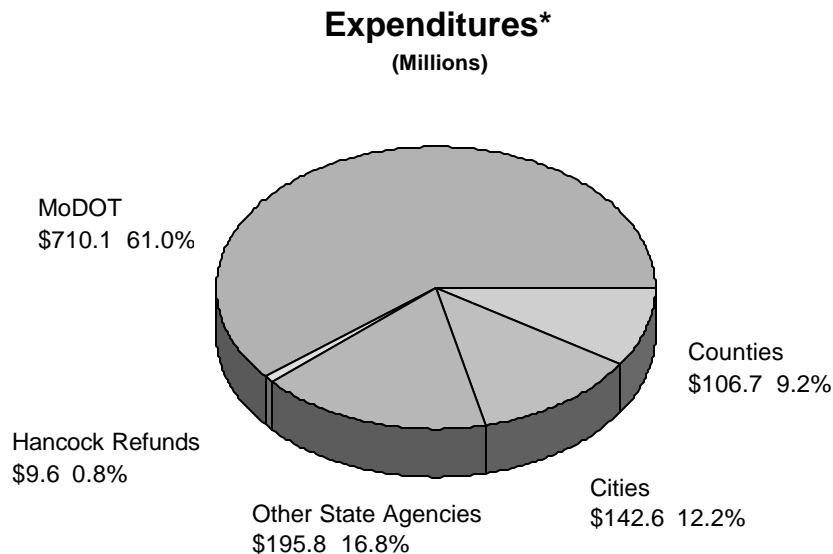
Revenue and Expenditures from State Highway User Fees

This chart shows what was collected in highway user fees for roads and bridges through the state's 17 cent per gallon fuel tax, one-half of motor vehicle sales tax, use tax, and license and registration fees.



FY 01 Total \$1,164.8 Million

This chart illustrates where these highway user fees are spent; 61 percent of this revenue is available to MoDOT for improving the state's roads and bridges.



FY 01 Total \$1,164.8 Million

* excluding fuel tax refunds

What does the typical Missouri driver pay?

In FY01 the average Missouri driver paid \$302 in state fuel tax, vehicle sales and use taxes, and license and registration fees for vehicles and operators. Motorists may be surprised to learn that only \$184, or 61 percent, was spent on state highway improvements. The following chart breaks it down:

*State Highway User Fees Paid By The Average Missouri Driver**

Fuel tax, sales and use taxes, license and registration fees

Agency	Motorist Cost	Percent
MoDOT	\$184	61.0
Cities/Counties	\$65	21.4
Other State Agencies	\$51	16.8
Hancock Refunds	\$2	0.8
TOTAL	\$302	100.0

*highway user fees for roads and bridges collected, divided by number of licensed drivers in Mo.

-- \$302 paid by the average Missouri motorist

-- \$184 (61 percent) of that is available to MoDOT for state highway improvements

Bond Financing – A Brief History

May 2000

State legislature gives MoDOT authority to issue up to \$2.25 billion in bonds to accelerate high-priority road and bridge improvement projects. \$250 million is to be issued right away, with the remaining \$2 billion to be issued between fiscal years 2001-2006, with no more than \$500 million in any one year. Legislative intent was to kick-start construction work until new revenue can be found.

June 2000

Commission approves \$250 million in bond financing to accelerate 58 projects in FY01. These projects all come from MoDOT's existing 5-year construction plan, as required by law, for the first round of bond financing only.

January 2001

Commission approves \$403 million in bond financing to accelerate 90 projects in FY02. Also approved is an additional \$450 million in bond financing to accelerate 68 projects in FY03. MoDOT Director says revisions could occur in the FY03 list, but identifying the projects early will help the department get work started quickly.

December 2001

MoDOT Chief Financial Officer tells commission that, due to downturn in economy and declining MoDOT revenue, department may have to accelerate less than the \$450 million originally expected to be issued for FY03.

January 2002

Commission approves revised FY03 list of \$254 million in bond financing to accelerate 31 projects. Although project work begins in FY03, bonds won't be issued for these projects until FY04. MoDOT officials say that to issue more would not be financially prudent.

April 2002

Commission agrees to issue up to \$300 million in additional bond financing if legislature removes sunset on 6 cents of state fuel tax revenue, scheduled to expire in 2008. Issuance would be subject to financial viability and ability to match future federal funds. Legislature removes sunset a few weeks later.

October 2002

Commission agrees to issue no additional bond financing, due to concerns of jeopardizing the department's bond rating, as well as its ability to match future federal funds by going into any more debt. The state treasurer also expresses reluctance with any additional MoDOT bond issuances.

Total Bond Financing Commitments

- \$907 million (\$250M in FY01, \$403M in FY02, \$254 in FY03)
- 179 accelerated projects
- Debt payments of \$75 million per year for approximately 20 years, starting in FY04